



CITY OF READING, PENNSYLVANIA

THE OFFICE OF THE MAYOR
815 WASHINGTON STREET
READING, PA 19601-3690
(610) 655-6204
WWW.CITYOFREADING.COM

FOR IMMEDIATE RELEASE
JULY 20, 2010

Contact: Frank Denbowski
610-655-6320

MAYOR ISSUES STATEMENT ON WATER AUTHORITY LEASE

READING – Following an announcement by Interim Managing Director Carl E. Geffken at Monday's City Council meeting that the Mayor has asked the City's solicitor to begin proceedings to terminate the lease agreement with the Reading Area Water Authority, Mayor Thomas McMahon today issued a statement to expand on his explanation of his motivation for making this move.

"There are several factors that must be considered," McMahon said. "First, we are examining all contractual relationships to ensure that we are protecting the taxpayers' interests to the maximum extent possible."

"In addition, the current lease arrangement with RAWA does not fulfill the requirements set forth in the Financial Recovery Plan adopted by City Council on June 11, 2010, which mandates an additional \$6.95 million in transfers between now and 2014," he said. "If we do not secure that level of additional funding, fail-safe measures, including significant tax hikes, will have to kick in. I am not going subject the public to that."

"Our position is that if we do not reach an acceptable agreement with RAWA," he said, "we will take back control of one of our most valuable assets and structure the water system, perhaps along with other utilities, to support the City in the way envisioned by the Recovery Plan."

The Mayor said staff-level discussions between RAWA and the City will continue, and City Council will be kept in the loop. "We are very early in the process, and there is still time to find a way forward," he said.

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